



# ILLINOIS REVENUE

## Senior Citizens Real Estate Tax Deferral Program Frequently Asked Questions (FAQs)

### ***What is the Senior Citizens Real Estate Tax Deferral Program?***

The Senior Citizens Real Estate Tax Deferral Program provides tax relief for qualified senior citizens by allowing them to defer all or part of their property tax and special assessment payments on their principal residences.

The deferral is similar to a loan against the property's market value. Deferred amounts are "borrowed" from the state of Illinois, who pays the tax bill. To ensure repayment, a three percent simple interest rate is charged on the deferred amounts and a lien is filed on the property. The three percent interest is charged for each year that the deferred amount is carried. For example, a \$2,000 tax amount deferred for one year would equal interest of \$60. If not paid off in the first year, the interest would grow to \$120 at the end of the second year, \$180 at the end of the third year, and so on.

**NOTE: For tax years 2022 and prior, interest continues to accrue at a rate of six percent. The three percent interest rate applies to the 2023 tax year and any tax year thereafter.**

### ***When do deferred amounts have to be repaid?***

Deferred amounts must be repaid immediately upon the sale or transfer of the property, or within one year of the taxpayer's death. If the property ceases to qualify for the program as defined by the statute, the deferred amount must be repaid within 90 days.

The deferral may be continued by a surviving spouse who is at least 55 years of age within six months of the taxpayer's death.

### ***How much in property taxes and special assessments can be deferred?***

The maximum amount that can be deferred, including interest and lien fees, is 80 percent of the taxpayer's equity interest in the property. The maximum deferral each year is limited to \$7,500.00.

### ***Is the property tax bill actually paid when it is due?***

Yes. If a taxpayer meets the program qualifications, the county collector (treasurer) sends a copy of the property tax bill to the Illinois Department of Revenue. The department then sends the tax bill payment to the county collector by June 1 or within 30 days of receipt of the tax bill, whichever is later.

### ***What qualifications must be met to participate in the program?***

To participate, all of the following qualifications must be met each year:

- The taxpayer must be 65 years old by June 1 of the year that the application for deferral is being filed
- Have a total annual household income of no more than:
  - \$75,000.00 in the 2025 tax year,
  - \$77,000 in the 2026 tax year, and
  - \$79,000 in the 2027 tax year (and thereafter).
- Have owned and occupied the property as your residence, or other qualifying property in Illinois, for at least the last three years, except for any periods you may have temporarily resided in a licensed facility as defined in Section 1-113 of the Nursing Home Care Act [210 ILCS 45/1-113] (including a sheltered care home)
- Own the property, or share joint ownership with the spouse, or be the sole beneficiaries of an Illinois land trust,
- Have no delinquent property taxes or special assessments on the property
- Have adequate insurance against fire or casualty loss

## ***What is a qualifying trust?***

If a taxpayer is applying for the Tax Deferral Program and the property is being held in a trust, the trust must be an Illinois Land Trust with the deferral applicants being the sole beneficiaries of the trust.

- If the deferral applicant is single, the applicant must be the sole beneficiary of the trust in order for the trust to be considered a qualifying trust.
- The same is true for married applicants.

The application must be filed by the beneficiary of the trust who meets all eligibility requirements and obtains the approval of the trustee to enter into the tax deferral and recovery agreement.

## ***What is included in household income?***

Some examples of income that must be included in your household income are listed below.

- Alimony received
- Annuity benefits
- Black Lung benefits
- Business income
- Capital gains
- Cash assistance from Human Services and other governmental cash public assistance
- Cash winnings from such sources as raffles and lotteries
- Civil Service benefits
- Damages awarded in a lawsuit for nonphysical injury or sickness
- Dividends
- Farm income
- Interest
- Interest received on life insurance policies
- Lump sum Social Security payments
- Miscellaneous income, such as from rummage sales, recycling aluminum, or baby sitting
- Monthly insurance benefits
- Pension and IRA benefits (federally taxable portion only)
- Railroad Retirement benefits (including Medicare deductions)
- Rental income
- SeniorCare rebate (only if you took an itemized deduction for health insurance in the prior year)
- Social Security income (including Medicare deductions)
- Supplemental Security Income (SSI) benefits
- Unemployment compensation
- Veteran's benefits (federally taxable portion only)
- Wages, salaries, and tips from work
- Worker's Compensation income
- Worker's Occupational Diseases Act income

## ***What type of property is considered "qualifying property"?***

Qualifying property is a homestead that

- a taxpayer, or taxpayer and spouse, own in fee simple or that is being purchased in fee simple under a recorded instrument of sale,
- is not an income-producing property, and
- is not subject to a lien for unpaid property taxes and special assessments.

"Qualifying property" includes both land and buildings such as a

- single family residence,
- condominium, or
- dwelling unit in a multi-dwelling building that is owned and operated as a cooperative.

Deferrals may continue even if the property is unoccupied because the taxpayer is temporarily residing, for not more than one year, in a nursing or sheltered care home.

## ***How does a taxpayer apply for this program?***

The taxpayer must file all applications and forms with the county collector. These forms are available at the county collector's office after January 1 and must be completed by March 1 of each year. The county collector approves or denies all applications.

To apply for a property tax/special assessment deferral, the taxpayer must complete and file Form IL-1017, Application for Deferral of Real Estate/Special Assessment Taxes, and Form IL-1018, Real Estate/Special Assessment Tax Deferral and Recovery Agreement.

Form IL-1017 requires the taxpayer to provide

- certain personal identification information,
- a description of the property,
- a calculation of the total annual household income,
- authorized signatures of the spouse, or trustee, approving the taxpayer's participation in the program, and
- evidence that the property is adequately insured against fire or casualty loss.

Form IL-1018 is the agreement for the property tax/special assessment deferral. This is an important legal document that should be kept with the taxpayer's personal records because it specifies

- the maximum amount that can be deferred,
- the interest rate to be charged, and
- the arrangements for repaying the deferred property taxes.

**NOTE: No sale or transfer of property may be legally closed and recorded until all deferred amounts have been paid.**

## ***Can a taxpayer defer subsequent bills for property taxes and special assessments?***

Yes. A taxpayer may apply at the county collector's office each year for a deferral of the property taxes and special assessments payable in that year.

## ***Can payments be made for property taxes and special assessments that are deferred before the property is sold or the property owner dies?***

Yes. Any portion of the deferral can be paid at any time by the taxpayer, the taxpayer's spouse, or, if the taxpayer does not object, by other qualifying relatives, heirs, or parties that have a legal or equitable interest in the property.

Contact the county collector for the exact settlement amount. **Payments must be submitted to the county collector's office.**

To request the payment amount, complete Form PTAX-1306, Senior Citizens Real Estate Tax Deferral Program Payoff. Complete Form PTAX-1305, Senior Citizens Real Estate Tax Deferral Program Payment if you are the treasurer or a participant and you are submitting a payment and requesting a lien release(s). These forms are available on our website at [tax.illinois.gov](http://tax.illinois.gov).

## ***Do you need additional assistance?***

Contact your local county collector's office if you have any questions about the deferral program or need help completing an application or form.

**The annual filing period for this program is January 1 through March 1.**